

Message Text

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ORIGIN EB-11

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DRAFTED BY: EB/ ORF: JLKATZ

APPROVED BY: E- MR. CASEY

EB- MR. ARMSTRONG

L/ EB- MR. FELDMAN

L/ EB - MR. MUIR

S/ S- MR. MILLER

----- 101149

P R 040107 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

INFO AMEMBASSY BONN

EC BRUSSELS 4622

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMCONSUL DUSSELDORF

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STADIS////////////////////////////////////

MO. 11652: N/ A

TAGS: EMIN, ETRD

SUBJECT: STEEL VRA

REF: (A) LONDON 3721; (B) LONDON 3726

1. AS INDICATED REFTEL (A) UNDER SECRETARY CASEY INDICATED

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TO BSC OFFICIALS THAT HE WOULD CONFIRM TO BARON VAN DER REST IN WRITING DEPARTMENT' S VIEWS ON LEGISLATION.

2. EMBASSY BRUSSELS REQUESTED TRANSMIT FOLLOWING LETTER FROM UNDER SECRETARY TO BARON VAN DE REST:

" DEAR BARON VAN DER REST: YOU WILL HAVE ALREADY HEARD FROM LORD MELCHETT ABOUT MY CONVERSATION WITH HIM CONCERNING THE POSSIBILITY OF OUR SEEKING LEGISLATION TO PROTECT FOREIGN STEEL PRODUCERS FROM LIABILITY UNDER U. S. ANTITRUST LAWS. I WISH TO CONFIRM TO YOU THE REMARKS I MADE TO LORD MELCHETT.

" AS YOU WILL RECALL WE HAVE PREVIOUSLY INDICATED OUR READINESS TO SEEK AND SUPPORT LEGISLATION TO PROTECT THE FOREIGN PRODUCERS FROM ANY LIABILITY FOR THE ARRANGEMENT UNDER U. S. ANTITRUST LAWS IF A FINAL COURT DECISION REJECTS THE FOREIGN PRODUCERS DEFENSE TO ANTITRUST LIABILITY BASED ON THE PARTICIPATION OF THE U. S. GOVERNMENT IN THE NEGOTIATION AND CONCLUSION OF THE VOLUNTARY STEEL ARRANGEMENT. AFTER CAREFUL CONSIDERATION WE HAVE CONCLUDED THAT IT WOULD BE HIGHLY UNDESIRABLE FOR US TO SEEK LEGISLATION WHILE THE LITIGATION IS BEFORE THE COURT OF APPEALS. TO PROPOSE SUCH LEGISLATION NOW WOULD UNDERMINE OUR APPEAL. AT THE SAME TIME, THE CONGRESS IS NOT LIKELY TO ACT ON THE LEGISLATION WHILE THE CASE IS PENDING IN THE COURT OF APPEALS. THIS JUDGMENT IS BORNE OUT BY ADVICE WE HAVE RECEIVED FROM KEY CONGRESSIONAL LEADERS.

" WHILE IT IS NOT POSSIBLE TO ANTICIPATE THE DECISION OF THE COURT OF APPEALS, I POINTED OUT TO LORD MELCHETT THAT IF THE DECISION OF THE COURT OF APPEALS IS ADVERSE TO THE POSITION OF THE FOREIGN STEEL PRODUCERS, WE WOULD CONSIDER WHETHER TO SEEK LEGISLATION AT THAT TIME. WE EXPECT THAT THE TIMING OF THE APPEALS COURT RULING WOULD COINCIDE WITH CONGRESSIONAL CONSIDERATION OF THE ADMINISTRATION' S TRADE BILL, SO THAT IT WOULD BE POSSIBLE FOR THE CONGRESS TO TAKE UP A PROVISION CONCERNING THE VOLUNTARY ARRANGEMENT SHOULD THIS APPEAR NECESSARY AS A RESULT OF THE COURT' S DECISION. EXACTLY HOW THIS SHOULD BE DONE WOULD HAVE TO BE A MATTER FOR CONSULTATION WITH LEGISLATIVE LEADERS IN THE LIGHT OF CIRCUMSTANCES PREVAILING AT THAT TIME. WE WOULD PLAN TO UNDERTAKE SUCH CONSULTATIONS PROMPTLY AND YOU WOULD BE KEPT INFORMED.

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" I WISH TO EMPHASIZE AGAIN OUR VIEW THAT A SUSPENSION OF THE

VOLUNTARY ARRANGEMENT BY ONE OR MORE OF THE EUROPEAN PRODUCERS PARTICIPATING IN THE ARRANGEMENT COULD HAVE AN ADVERSE IMPACT ON THE CASE BEFORE THE COURT OF APPEALS. SINCE A SUSPENSION WOULD BE VIEWED AS TANTAMOUNT TO TERMINATION OF THE VOLUNTARY ARRANGEMENT IT COULD ALSO AFFECT ADVERSELY THE ADMINISTRATION' S TRADE BILL SINCE IT WOULD RAISE THE PROSPECT OF LEGISLATED QUOTAS.

" FINALLY, LET ME ASSURE YOU THAT IT CONTINUES TO BE THE POSITION OF THE UNITED STATES GOVERNMENT THAT THE PRESENT ARRANGEMENTS ARE LAWFUL UNDER UNITED STATES LAW AND WE ARE HOPEFUL THAT THIS POSITION WILL ULTIMATELY BE SUSTAINED BY THE COURTS. FOR THESE REASONS, IT IS OUR HOPE THAT THE EUROPEAN PRODUCERS WILL CONTINUE TO ADHERE TO THE VOLUNTARY ARRANGEMENT DURING THE PENDENCY OF THE APPEAL. SINCERELY YOURS, WILLIAM J. CASEY".

3. AS REQUESTED REFTEL (B) DEPARTMENT HAS SHOWN DRAFT OF LETTER PARA 2 ABOVE TO KRUPP LAWYER COERPER. BSC LAWYERS UNAVAILABLE BUT COERPER UNDERTOOK TO TELEPHONE TEXT OF LETTER TO THEM.
ROGERS

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*** Current Classification *** LIMITED OFFICIAL USE

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LONDON
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TOKYO

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